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Pipeline cleanup continues year later

By Max Jarman
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One year ago today, a gasoline pipeline rupture north of Tucson sprayed what was believed to be 10,000 gallons of fuel onto five homes under construction and into a nearby wash.

Eight days later, owner Kinder Morgan Energy Partners shut down the pipeline for safety-related testing, cutting off up to 50 percent of the Phoenix area's gasoline supply.

The result was 17 days of shortages punctuated by long lines at the pumps, flaring tempers, frustration and prices that topped $3 per gallon at some locations.

After the pipeline reopened Aug. 24, prices remained high and didn't fall below the $1.54 per gallon regular was selling for prior to the break until Dec. 11.

If a similar break occurred today, David Cowley, a spokesman for AAA Arizona, said the impact would likely be much less severe.

"We're better prepared, and the reaction would be different," he said.

He predicted there would be less panic buying by consumers and a more organized response by the industry.

"Last year, there was a good deal of denial about the severity of the problem," he said.

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The accident was a wake-up call drawing attention to the Valley's dependence on pipelines to deliver fuel from other states and its vulnerability to supply disruptions. It also drew attention to the pipeline's age — 55 years — and raised questions about safety, maintenance, oversight, disclosure and communication.

A year later, the cleanup of what is now believed to be more than 42,000 gallons of gasoline from the groundwater beneath the break site is far from being completed. Kinder Morgan spokesman Jay Thorne said it could take another year.

The cleanup has put Kinder Morgan at odds with the Arizona Department of Environmental Quality, which has issued a notice of violation against the company for violating groundwater quality standards. The violations carry a maximum fine of $25,000 per day.

Department Director Steve Owens said settlement negotiations with Kinder Morgan have not proved fruitful and that the state could shortly file a lawsuit against the company.

Kinder Morgan has replaced 12 miles of the pipeline in the Tucson area, making it safer and capable of carrying more fuel. Also, the break has prompted Kinder Morgan to step up work on replacing most of the 125-mile Tucson-to-Phoenix pipeline by early 2006.

The company also has recognized stress corrosion cracking, the previously unseen cause of the July 30, 2003, break, as a danger and is now testing and inspecting all of its pipelines for evidence of the phenomenon.

Nationally, the federal Office of Pipeline Safety has agreed to give the Arizona Corporation Commission greater latitude to inspect Kinder Morgan's pipelines in Arizona and allowed the state to conduct its own independent test of the pipeline break.

"To my knowledge, that's never happened before," Arizona Corporation Commissioner Kris Mayes said.

Mayes said the incident has led to better communication between the commission and the Office of Pipeline Safety and greater disclosure on the part of the federal agency.

Onerous rules previously prevented the agency from releasing information, often important to the public's safety.

Finally, Mayes said the incident has toughened the OPS' stance on disciplining companies for safety violations. The office's recent $325,000 fine against Kinder Morgan for lapses in its maintenance programs was ten times greater than previous fines for similar offenses.

"It's inadequate, but it's more than they've done before," Mayes said.

As a result of the break, the Arizona Department of Real Estate has modified its new subdivision disclosure rules to require developers to inform buyers of the existence of hazardous-liquid pipelines near the projects.

A bill that would have given Attorney General Terry Goddard the authority to investigate and prosecute businesses for price gouging failed in the Legislature this session but could be reintroduced next year.

The Legislature did approve a measure guaranteeing the confidentiality of information provided to the state by gasoline wholesalers and retailers.

Lynette Evans, Gov. Janet Napolitano's policy adviser on regulatory affairs, said she would push for legislation next year requiring the companies to disclose information on gasoline supplies.

Owens said he would push for legislation next year removing a legal clause that now exempts pipelines from obtaining an environmental permit from the state.

"Are pipelines safer that they were a year ago? Yes," Mayes said. "Are they safe? No. We still have a lot of work to do."

Whatever happened to ...

■ **Gas prices:** The price of unleaded gas hit a then-stunning $2.13-a-gallon for the weekly average in Phoenix during the shortage last August, then started falling, AAA reported. Who would have thought that nine months later, in May, the record would be broken again when the price hit $2.20 a gallon?

■ **Gas consumption:** Those gas-thrifty habits that emerged during the crisis may have evaporated. For all of 2003, Arizona consumed 134.9 billion gallons of motor gasoline, a 0.2 percent drop from 2002, according to the Energy Information Administration. Through May of this year, state consumption is up 1.6 percent. But then so is population.

■ **Kinder Morgan Energy Partners:** The bad publicity and pipeline repair costs didn't prevent Kinder Morgan from making a profit. It recorded a net profit in the last two quarters of 2003 and the first quarter of 2004, with 2004 net income at $697 million. Its stock climbed to a record high of $49.95 a share early this year but has slipped since, closing at $43.31 Thursday.